CHAPTER - 1
CHAPTER - I
INTRODUCTION

Background

Economists consider entrepreneurship as a vehicle of economic development. There is a close relationship between entrepreneurial performance and economic development of a nation. In the virtuous cycle of progress, entrepreneurship and economic development are considered one reinforcing the other. Global Entrepreneurship Monitor (GEM) found that entrepreneurship accounts for up to half the difference in growth levels between nations. An entrepreneur invests much more than mere capital in business and gets in return much more than mere profit. In addition, entrepreneurs also invest their personal pride, self-esteem, reputation and creativity and might also invest family resources, tangible and intangible. The return on investment may also be measured not only in terms of money but also in terms of the entrepreneur’s personal fulfilment, improved life style, desire to take risks successfully and prestige (Green P. Richard and James Carroll, 1984).

The term entrepreneurship was conceived as a function of religious beliefs (Max Weber, 1930); entrepreneurship, the basis of innovation (Schumpeter, 1934); psychological characteristics of an individual (McClelland, 1961); Judgemental decisions about the allocation of scarce resources (Casson, 1982).
The entrepreneur is a catalyst for economic change who uses purposeful searching, careful planning and sound judgement while carrying out the entrepreneurial process. Uniquely optimistic and committed, the entrepreneur works creatively to establish new resources or endow old ones with a new capacity, all for the purpose of creating wealth.

An entrepreneur is unique in comparison with other people. The successful entrepreneur is one who has the capabilities to bear risks and at the same time with a constant urge to bring in new concepts in organizing his activity. Thus, a combination of risk bearing capacity and innovativeness highlight an entrepreneur on the ascendancy. In the view of Landau (1982), “the true entrepreneur is one with ‘high risk bearing capacity’ and with ‘high innovation’ (Figure 1.1).

The review on the literature of entrepreneurial studies brings to the fore the limited number of studies with reference to the diversification and behaviour aspects of entrepreneurs in India. A few empirical studies have underlined the importance of
behavioural and diversification aspects of entrepreneurship in the enhancement of entrepreneurial performance (Bhattacharya, Hrishikes 1984; Pearce, John, 1989; Silver, 1984).

However, many scholars highlight the general importance of nurturing entrepreneurship as a vital ingredient in the progress of a modern nation. The developing countries particularly need a sound understanding of the conceptual elements of entrepreneurship so that they are also able to keep up with the tempo of global economic activity in the 21st century. Dr. A.P.J Abdul Kalam, our President time and again stresses that education is to create jobs and not to seek jobs. Thus, by equipping the younger generation with skills to become entrepreneurs, a country can effectively expand the base of competent entrepreneurs. In this context, the present study seeks to examine the societal and economic background of the entrepreneurs of BHEL ancillary units, their behavioural aspects and the extent of diversification in Tiruchirappalli district in Tamil Nadu, India. The emphasis of this study on behavioural and diversification aspects of the entrepreneurs is pertinent in the changing profile of the modern entrepreneurs. Bharat Heavy Electricals Ltd., a public sector undertaking (PSU) is one of the ‘Navaratnas’, which started functioning at Bhopal since 1962. Over the years, it expanded its activities to Haridwar, Ranipet and Tiruchirappalli. Besides, its own growth, it has been a perennial source of inspiration and scope for a growing number of prospective entrepreneurs in the country. In Tiruchirappalli, both BHEL and its principal vendors, the BHELSIA (BHEL Small and medium scale Industries Association) member units complement one another in their structural fabrication work.
Thus, the present study attempts to explore the interrelated dimensions of behavioural and diversification aspects of the entrepreneurs will provide a new approach to understand the existing entrepreneurial transformation and evolve relevant policy framework.

Statement of the problem

The State policies outlined in the Industrial Policy Resolutions (IPRs) 1948 and 1956, in consonance with the objectives of balanced economic development, consistent with dispersal of economic power and the emergence of public sector enterprises after independence have given a fillip to entrepreneurial activity in India. Numerous SMEs (Small and Medium Enterprises) have emerged making use of the favourable environment (Economic Survey, 2005-2006). In particular, it is said that BHEL in Tiruchirappalli is a catalyst for the promotion of entrepreneurship in the region. It has also realized that the process of contracting with the vendors is convenient in many ways such as tackling labour issues, keeping delivery schedule, avoiding delays in accessing and converting raw materials. Thus, over the years BHEL has curtailed its own activities in many directions to get its orders fulfilled with the support of the vendors for their requirements of basic fabrication works.

During the last 25 years many ancillary units have come up under the banner of BHELSIA (BHEL Small and medium Industries Association). Starting from doing small job works for BHEL, the entrepreneurs have grown by changing their focus and direction in many more areas. There are new clients who provide attractive annual rate contract and value loaded jobs.
For instance, the gaining popularity of windmills in energy sector has generated impetus for growth in many sectors. The structural facilities of the fabrication units studied have reasonably attractive scope to make use of the development of the windmill component manufacturing. There seems to be a paradigm shift in complacent entrepreneurial activity from BHEL dependence to carrying venturesome activities for others wholly or partly.

The units located in industrial estates leading almost an incubator life have come out to utilize the opportunities and in the process face marketing challenges. While some entrepreneurs are content with their business with BHEL, some have shown exceptional urge for going in different directions.

In this context, there are two important issues concerning the BHELSIA entrepreneurs. First, their behavioural disposition towards business. Second, diversification of activities beyond dependence on BHEL.

**Objectives of the study**

1. To find the societal and economic background of the entrepreneurship.
2. To study the perceived entrepreneurial traits of the respondents.
3. To analyse the causes and extent of diversification of the respondent units.

**Hypotheses of the study**

1. A sense of self-confidence and self-reliance besides patience and perseverance are the crucial behavioural traits of the sample respondents.
2. The composition of business turnover of the respondent units has remained constant during the last five years.
Entrepreneurship – A theoretical perspective

The concept of entrepreneurship has been used in a variety of contexts to refer to many different kinds of human phenomena.

Theories of entrepreneurship can broadly be classified into four categories. The economic theories of entrepreneurship are categorised into (i) classical theory, (ii) Neo-classical theory, (iii) Schumpeterian synthesis and (iv) Post Schumpetarian developments. Other theories include sociologist’s view, psychologist’s view and the anthropologist’s view. A brief examination of the different notions would be of interest here.

Theory of risk-bearing

It was Richard Cantillon (1680-1734), the Irish economist who first used the term entrepreneur to refer to economic activities. He viewed entrepreneurs as risk-bearing agents of production. According to him, an entrepreneur is one who buys factors of production at certain prices, combines the factors of production into a product and sells the product at an uncertain price. He quotes the example of a farmer who takes lands on lease from the landlords, produces agricultural produce in the land and sells the produce at prices that are uncertain. It may be noted that while the lease rent payable by the farmer to the landlord and the contractual wages payable by farmer to the workers on the field are fixed, the price at which the farmer will be able to sell his agricultural produce is uncertain. Thus the readiness to bear the risk is the critical factor that is required of a person to be considered an entrepreneur.
Theory of co-ordination, organization and supervision

J.B. Say (1821) makes a distinction between the capitalist and the entrepreneur. He considers the capitalist the financier, and the entrepreneur, an organizer. According to J.B. Say, an entrepreneur is one who coordinates and organizes the resources and oversees the activities of the enterprise to produce the required goods/services. The entrepreneur combines the land owned by one person, the capital offered by another person and the labour of yet another person and produces a product. The entrepreneur sells the product in the market and realizes the sale proceeds. Out of the sale proceeds, he pays rent on land, pays interest on capital to the one who offered capital and pays wages to those who offered their labour and retains the balance as his profit. Thus, the entrepreneurs play the role of co-ordinator, organizer and supervisor.

Theory of uncertainty

Frank Knight (1921), in his path-breaking contribution to economics, ‘Risk, Uncertainty and Profit’ defines uncertainty as a primary attribute of his entrepreneurship theory. If there were no uncertainty, no losses would be made. Risk is calculable; uncertainty is not. Entrepreneur is a person who is willing to put his career and capital on an uncertain venture.

Knight considers that the main function of an entrepreneur is to act in anticipation of future events. Knight also recognizes that an entrepreneur earns profits because he undertakes risks. He classifies risks into two types, namely, insurable and non-insurable risks. Knight argues that those risks that can be insured against cannot produce profit for an entrepreneur because the entrepreneur can guard against such
risks by taking suitable insurance policy. The burden of facing those risks that are non-insurable falls on the entrepreneur and he earns his profit for the sake of bearing the non-insurable risks. While fire, accident and theft are some of the insurable risks, changes in demand, fashion, taste, entry of competitors, depletion of raw material, change in political situation of the country and unprecedented actions by the government are the non-insurable risks. Knight calls the non-insurable risk as ‘uncertainty’. According to Knight, uncertainty bearing is an essential ingredient of an entrepreneur and it is this quality that is essential for production. He, therefore, considers this a factor of production.

A function of religious beliefs

Religion and its impact on enterprising culture were first analysed by Max Weber (1930) in the Western context. According to Weber, the ‘spirit of capitalism’ is a set of attitudes towards the acquisition of money and the activities involved in it. He further explains that the main factors contributing to the development of entrepreneurship are the “Protestant Ethic” which emerged from the religious belief system of ‘Calvinistic Puritanism’.

Theory of innovation

Joseph Schumpeter (1934) conceived entrepreneurship as a set of effects following the purposeful action of an entrepreneur with emphasis on innovation and change in production function.

According to him, development is not an automatic or spontaneous process but some agents within the system must deliberately and actively promote it. Schumpeter
called the agent who initiates the above changes as an “entrepreneur”. Further, he stated that the entrepreneur is neither a technician nor a financier but he is considered an “innovator”. Entrepreneurship is not a profession or a permanent occupation and therefore it cannot formulate a social class like capitalist or wage earner. Schumpeterian ‘innovation ‘ is a creative response to a situation.

He considers that innovation can take the following forms:

- Introduction of a new product.
- Introduction of a new, improved technology for the production of an existing product.
- Opening of a new market into which a specific product has not entered so far.
- Discovery of new source of supply of raw material.
- Carrying out a new form of organization.

Schumpeter argues that inventions or discoveries by themselves have little economic effect. Schumpeter makes a distinction between an inventor and an innovator. While the inventor finds out new methods, techniques, materials, products, etc., the innovator makes use of such inventions and discoveries to produce and offer new products / services to the economy. Hence, he calls the innovator the entrepreneur.

Theory of market equilibrium

Hayek’s (1937) main contribution to entrepreneurial theory is to point out that the absence of entrepreneurs in neo-classical economics is intimately associated with the assumption of market equilibrium. According to Hayek, the equilibrium postulate is equivalent to a postulate of full information; not full information in the sense of a
complete information theory about every conceivable thing, but full information in the sense that no further information is needed in order to modify anyone’s decisions.

For him, the empirical content of economics relates to the process of adjustment towards equilibrium. This process involves the acquisition and communication of knowledge. He visualizes a world in which there is a continuous process of discovery. Markets help people to communicate their discoveries to others and learn of discoveries, thereby moving towards a sale of equilibrium.

**Managerial skills and leadership**

Hoselitz (1952) emphasized the significance of managerial skill and leadership as important facets of entrepreneurship. He stated, “a person who is to become an industrial entrepreneur must have additional personality traits similar to those resulting from a drive to amass wealth. In addition to being motivated by the expectation of profit he must also have some managerial abilities and more important he must have the ability to lead’. Hoselitz’s analysis of entrepreneurship suggests a method of the development of entrepreneurship which depends upon allowing the maturation and development of personalities whose predominant orientation is in the direction of productivity, working and creation and creative integration along with the establishment of the social institution. These institutions create a favourable environment for the establishment and existence of independent individual enterprise.

**An organization building function**

Fredrick Haribson (1956) has characterized ‘organisation building’ as the most critical skill needed for industrial development. According to him,
entrepreneurship means the skill to build an organization by way of initiation, maintenance and aggrendisement of business. Haribson’s entrepreneur is not an innovator but an ‘organisation builder’ who must be able to harness the new ideas of different innovators to the rest of the organization. Such persons are not always men with ideas or men who try new combinations of resources but they may be simple good leaders and excellent administrators.

**Psychological characteristic of an individual**

This approach is largely associated with the Harvard psychologist McClelland’s (1961) concept of the achievement motive (n-ach). He believes that high achievement motivation in a society predisposes it towards economic development. In McClelland’s theory, the emphasis is on internal factors, the human values and motives that lead man to exploit opportunities to take advantage of favourable trade conditions as contrasted with certain factors such as fashionable opportunities for trade and unusual natural resources.

McClelland also explains the entrepreneur’s interest in profitability in terms of the need for achievement. People with high need for achievement are not influenced by money reward as compared with people with low need for achievement. People with low need for achievement are prepared to work harder for money or such other external incentives. For people with high need for achievement, profit is a measure of success and competency rather than an end in itself to be coveted.

**Mapping of a particular set of personalities on the basis of the formal position in a social group**

Everett Hagen (1962) in his provocative writing developed such an approach and proposed a controversial “status withdrawal” hypothesis to explain innovational
behaviour. He identifies 'creative innovation' or change as the fundamental characteristic of economic growth. He views the entrepreneur as a creative problem-solver, interested in things in the practical and technological realm, and driven by a duty to achieve. He further emphasizes the point that it is not only contact with the developed world, but the ability to use this knowledge that leads to economic growth and entrepreneurial development.

Hagen further postulates that withdrawal of status respect would give rise to four possible reactions and create four different personality types:

1. **Retreatist**: He who continues to work in a society, but indifferent in his work and position.

2. **Ritualist**: He who adopts a kind of defensive behaviour and acts in the way accepted and approved in his society, but has no hopes of improving his position.

3. **Reformist**: He is a person who foments a rebellion and attempts to establish a new society.

4. **Innovation**: He is a creative individual and is likely to be an entrepreneur.

**Cyert and March's behavioural theory of the firm**

In their book 'A Behavioural theory of the firm', Cyert and March (1963) made a study of the way in which decisions are made in the large modern (multi-product) firm characterized by divorce of ownership from management) under uncertainty in an imperfect market.

Cyert and March set the formation of organizational goals through the notion of a coalition. The firm itself is visualized as a coalition of individuals who are
organized in sub-coalitions. So they differ from Baumol and Simon who have assumed that a single person who makes the decisions and whose authority is unquestioned dominates the firm. Instead, Cyert and March assume that the firm is a decision-making entity in its own right. They have recognized that management must achieve an objective or possibly a set of objectives through the efforts of a group of persons or through a coalition.

They said that the firm might be pursuing the following objectives for their basic common goals:

- Production goal
- Inventory goal
- Sales goal
- Market share goal and
- Profit goal

‘Input-completing’ and ‘Gap-filling’ function

According to Liebenstein (1968), there exist large gaps of knowledge about production function. These gaps arise because all the inputs in the production function cannot be marketed, and some inputs like motivation and leadership are vague in their nature whose output is indeterminate. It is the entrepreneurial function to make up the deficiencies or fill the gaps. This ‘gap filling’ activity gives rise to the most important entrepreneurial function, namely, “input completing”. He has to marshal all the inputs to realize the final product. Leibenstein defines entrepreneur as an individual or group of individuals having four major characteristics: connection with different markets, capability of making up market deficiencies (gap filling), input
completing and creation and expansion of time-binding input transforming entities. For a given set of inputs, productive potential is identified with the point on Neoclassical production frontiers. X-efficiency arises either because the firm's resources are used in the wrong way or because they are wasted, that is, not used at all.

Social, political and economic structure

Kunkel (1970) has elaborated a behaviouristic model of entrepreneurship. It has been pointed out in economic history that entrepreneurs are not equally distributed in the population and minorities (religious, ethnic, migrated and displaced elites) have provided most of the entrepreneurial talent. But all the minorities have not always been the important sources of entrepreneurship. Kunkel argues, "Marginality does not guarantee entrepreneurship. Further he states that industrial entrepreneurship depends upon four structures, which are found within a society or community namely, limitation structure, demand structure, opportunity structure and labour structure. According to Kunkel, the supply of entrepreneurs depends on the existence and extent to which these four factors are found in a society.

Theory of cultural values

The key elements in Thomas Cochran's (1971) theory are cultural values, role expectations and social sanctions. In his theory on the process of economic development, entrepreneurs are not seen as being deviant or super normal individuals but rather as representing society's model personality. Prevailing child-rearing practices and schooling common to a given culture mould this model personality. The performance of a businessman, according to him, will be generally influenced by
three factors: i. his own attitude towards his occupation; ii. the role of expectations held by the sanctioning groups and iii. the operational requirements of the job. The determinants for the first two factors are values of society. Changes over time in such variables, as population, technology and institutional drift will impinge on the role structure by creating new operational needs. He has explained the dynamics of his entrepreneurial model by selecting instances from American economic history. He points three important changes that have taken place in last 150 years in the U.S. economy; first, the rapid adoption of industrial machinery in first half of the 19th century; second, the rise of professional management in the large corporation, starting in the second half of the century; and third, the spread of mass production techniques in the 19th century. In each of these major changes the social factors in American culture operating through the entrepreneurs appear to be well marked. The analysis may also be used to answer questions why corresponding changes did not occur in other cultures.

A function of group level pattern

**Frank W. Young (1971)** brought a new dimension in entrepreneurship by indicating that entrepreneurial characteristics do not emerge at individual level. It emerges in a cluster, which may qualify itself as an entrepreneurial group, as a group with high differentiation and capacity to react. He defined ‘reactiveness’ or ‘solidarity’ as the degree to which the members of the group create, maintain and project a coherent definition of their situation. Some members of the solidarity / group excel at combining resources like labour etc; in new ways and they become entrepreneurs. He interprets the individual level entrepreneurial characteristics as the
'underside' of the group level pattern. The entrepreneur does not work single handedly, though he is the most visible hand. Young maintains that entrepreneurial activity is generated by the particular family background, experiences as a member of certain kind of groups and as a reflection of general cultural values.

**Albert Shapero's theory of entrepreneurship**

Albert Shapero (1975) has described the entrepreneurial event formation process. This is actual activity of starting an enterprise. Shapiro says that the process begins with a life plan change. The potential entrepreneur may have just experienced a displacement, between things, or have a positive force encouraging entrepreneurial activity.

**Figure 1.2**

**Entrepreneurial event formation process**

<table>
<thead>
<tr>
<th>Negative displacement</th>
<th>Life path changes</th>
<th>Between things</th>
<th>Positive pull</th>
</tr>
</thead>
<tbody>
<tr>
<td>. Divorced / Widowed</td>
<td></td>
<td>. Spouse</td>
<td>. Spouse</td>
</tr>
</tbody>
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**Perception of desirability**

. Culture
. Family
. Peers
. Work experience

**Perceptions of feasibility**

Financial support, Models, Mentors, Managerial support, Partners, Demonstration effect

**VENTURE FORMATION**
He says that ‘perceptions of desirability’ must also be positive if the process is to continue. Some cultures have a disdain for entrepreneurship and they try to find alternatives to venture creation.

He further pointed out that ‘perceptions of feasibility’ must also be present. Entrepreneurial activity appears do-able. This means there must be models of successful venturing and resources available for venturing. Only when all the conditions of the entrepreneurial event process are met a new company formation can be predicated. Albert Shapiro’s model is illustrated in the figure 1.2.

**Theory of economizing behaviour**

According to Kirzner (1978), an entrepreneur is a person who hires the services of factors of production and a person with superior knowledge of market information. A state of market disequilibrium is characterized by widespread ignorance. The result of this state of ignorance is that endless opportunities are not exploited. For Kirzner, the adjustment of price is the main role of the entrepreneur. If the wrong price prevails in the market, then an opportunity for profit is created somewhere in the market.

**Exposure theory of entrepreneurship**

Adequate number of studies have shown that it is the exposure to new ideas and opportunities, which leads to entry in industrial activities and success therein. There is adequate empirical evidence to prove its validity. Tripathi (1981) has observed that “not religion but exposure to new ideas and values was the common factor between Parsi and Hindu entrepreneurs” which led them to manufacturing. The
various social movements like Brahmo Samaj and Arya Samaj and education have played very significant role in exposing the Indian entrepreneurs to western ideas leading them to entrepreneurship. It is also the differential responses of the social groups to opportunities provided by the commitment of the political system to industrialization that has led the process of entrepreneurial spread. The concept is illustrated in figure 1.3.

**Figure 1.3**

Exposure to new ideas and opportunities

![Diagram showing the process of exposure to new ideas and opportunities](image-url)
An economic theory of value judgement

Mark Casson (1982), in his book “The Entrepreneur – An Economic Theory”, presented a functional definition of the entrepreneur and considered why the entrepreneurial function is so valuable. He emphasized that the demand for entrepreneurship stems from the need to adjust to change and that the supply of entrepreneurship is limited first by the scarcity of the requisite personal qualities and secondly, by the difficulty of identifying them when they are available. He suggested that there are four main qualities, which are crucial for a successful entrepreneur of which one - imagination - is almost entirely innate. The other three qualities may be enhanced. The problems encountered in screening for these qualities and in enhancing the ones that are deficient, have a number of important implications for the development of a successful entrepreneurial career.

Peter Drucker’s theory of opportunity

Peter Drucker (1985) defines entrepreneur as one who always searches for changes, responds to the changes occurring and exploits them into opportunities. He also stresses the point that entrepreneurs should innovate. In his own words: ‘... innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practised. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation.....’.
Barney's resource-based theory (1991) It assumes firm resource heterogeneity and immobility as possible sources of competitive advantage. The choice of which industry to enter and what business to be in is not enough to ensure success. The theory says that the nature and quality of the resources, capabilities and strategies the entrepreneur possesses and can acquire, can lead to long-term success. Using resources that are rare, valuable, hard to copy and have no good substitutes in favourable industry conditions provides competitive advantage.

Sexton's approach to entrepreneurship

Sexton (1997) identified the learning needs for the growth of entrepreneurs and provided curriculum and training approaches for bridging the gaps between academics and entrepreneurs. There has been a long felt need to bring down the gap between industry-institution interactions. This approach of Sexton opens new dimensions with his practical solution to specific learning needs required for the growth of entrepreneurs.

Having analysed the different theories, one can understand that entrepreneurship is a mental attitude to take calculated risk, with a view to earning profit and bringing about economic development. The prime quality required of an entrepreneur is the attitude to take calculated risks. Richard Cantillon's argument that the entrepreneur has to sell his products at an uncertain price' holds good even today. In the realm of perfect competition, where too many competitors play their part, the price at which an entrepreneur could sell his products remains highly fluid. It is from this 'uncertain price', that the element of risk arises. If the competition is not perfect and if an entrepreneur enjoys monopoly, he can price his products higher. J.B. Say
does not talk about the risk that entrepreneurs are bound to take or the innovative ideas that they should possess. An entrepreneur as visualized by J.B. Say will exploit possibilities as they present themselves, by organizing and coordinating the required resources. As the entrepreneur of J.B. Say would not go after innovative ideas, he could produce only limited results. He however, is good at organizing factors of production.

Knight's classification of risks into two categories of insurable risks and non-insurable risks is only a further refinement of the risk that an entrepreneur is likely to face. It is really the non-insurable risks that provide uncertainty to business. Schumpeter gives thrust for innovation. Looking from the angle that an entrepreneur is one who takes calculated risk, Schumpeter's entrepreneur is one who tries to overcome the calculated risk by using techniques of innovation. An entrepreneur who wants to overcome the risk associated with his venture is under compulsion to innovate in order to make his venture, a success.

Just like Schumpeter, Drucker also emphasizes innovation. The difference is that Drucker speaks about systematic innovation. It consists of purposeful and organized search for changes and to look for opportunities is in tune with the contemporary business strategy wherein every entrepreneur is required to continuously perform a SWOT analysis and to be always alert to the changing business environments.

McClelland found during his studies that some societies tend to produce a larger percentage of people with high need factor than other societies. On this basis, he concluded that the need for achievement is conditioned more by social and cultural
reinforcements than by any other factor. The observation of McClelland that people belonging to certain societies exhibit high need factor points to the fact that the thinking and behaviour pattern of people is conditioned by socio-cultural factors. While McClelland recognized the differences in the behaviour patterns of persons from different social groups, Hagen and Hoselitz identified those social groups, which had the capacity to exhibit high level of motivation to become entrepreneurs. And Sexton emphasised the training needs of the entrepreneurship.

While dealing with entrepreneurship one should hold a holistic view and keep in mind the tenets of the different theories of entrepreneurship.

**Limitations of the present study**

The entrepreneurial behaviour and diversification of the study units depends on numerous factors and wide range of activities performed. It is a daunting task to quantitatively estimate the behavioural aspects. Regarding financial information and other sources, most respondents prefer to maintain the secrecy of their annual turnover and investment made. Hence there is considerable apprehension in talking to others on their activity. This has led difficulties for the researcher to collect primary data, especially those relating to value and volume of production and the size of investment. Their expressed beliefs over stated preferences from surveys have been designed carefully to avoid systemic biases and misunderstandings on their perceived notions on behavior.
Plan of the Study

The thesis consists of seven chapters. The details of each chapter are given below:

The first chapter deals with introduction, statement of the problem, objectives, hypotheses, theoretical background, limitations and chapter scheme.

The second chapter relates to the historical background of entrepreneurship and the review of literature.

The third chapter is an account of the profile of the study area.

The fourth chapter describes the conceptual framework and methodology of the study.

The fifth chapter consists of two parts. Part I analyses the societal and economic background of the entrepreneurs in the study area. Part II analyses the behavioural pattern of entrepreneurs including their traits, the contributory factors for start up, issues on locus of control, professional enhancement acquired and their perceptions of achievement motivation.

The sixth chapter relates to the diversification aspects of the study units, the causes for such transition and the extent of diversification. Thereafter, the various constraints faced by the respondents and the perceived measures required to overcome such constraints were identified and were rated.

The last and seventh chapter presents the summary of findings, policy implications and conclusion with a focus on new areas for future research.